



General Assembly

January Session, 2007

Raised Bill No. 1143

LCO No. 4101

04101_____BA_

Referred to Committee on Banks

Introduced by:
(BA)

***AN ACT CONCERNING MORTGAGE, SMALL LOAN AND MONEY
TRANSMITTER LICENSEES, MORTGAGE LOANS AND EMERGENCY
ORDERS OF THE BANKING COMMISSIONER.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-485 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2007*):

3 As used in this section and sections 36a-486 to 36a-498a, inclusive, as
4 amended by this act, unless the context otherwise requires:

5 (1) "Advance fee" means any consideration paid or given, directly or
6 indirectly, to a mortgage lender, first mortgage broker or originator
7 required to be licensed or registered pursuant to sections 36a-485 to
8 36a-498a, inclusive, as amended by this act, prior to the closing of a
9 first mortgage loan to any person, including, but not limited to, loan
10 fees, points, broker's fees or commissions, transaction fees or similar
11 prepaid finance charges;

12 (2) "Advertise" or "advertisement" means the use of media, mail,
13 computer, telephone, personal contact or any other means to offer the
14 opportunity for a first mortgage loan;

15 (3) "First mortgage broker" means a person who, for a fee,
16 commission or other valuable consideration, directly or indirectly,
17 negotiates, solicits, arranges, places or finds a first mortgage loan that
18 is to be made by a mortgage lender, whether or not the mortgage
19 lender is required to be licensed under sections 36a-485 to 36a-498a,
20 inclusive, as amended by this act;

21 (4) "First mortgage correspondent lender" means a person engaged
22 in the business of making first mortgage loans in such person's own
23 name where the loans are not held by such person for more than
24 ninety days and are funded by another person through a warehouse
25 agreement, table funding agreement or similar agreement;

26 (5) "First mortgage lender" means a person engaged in the business
27 of making first mortgage loans: (A) In such person's own name
28 utilizing such person's own funds, or (B) by funding loans through a
29 table funding agreement;

30 (6) "First mortgage loan" means a loan or an extension of credit,
31 including, but not limited to, an extension of credit pursuant to a
32 contract or an assigned contract for the sale of goods or services, made
33 to a natural person, the proceeds of which are to be used primarily for
34 personal, family or household purposes, and which is secured by a
35 first mortgage upon any interest in one-to-four-family residential
36 owner-occupied real property located in this state which is not subject
37 to any prior mortgages and includes the renewal or refinancing of an
38 existing first mortgage loan;

39 (7) "Mortgage lender" means a first mortgage lender, a first
40 mortgage correspondent lender, or both;

41 (8) "Originator" means an individual who is employed or retained
42 by, or otherwise acts on behalf of, a mortgage lender or first mortgage
43 broker that is licensed or required to be licensed under sections 36a-
44 485 to 36a-498a, inclusive, as amended by this act, for, or with the
45 expectation of, a fee, commission or other valuable consideration, to

46 take an application for or negotiate, solicit, arrange or find a first
47 mortgage loan. "Originator" does not include an [officer, if the licensee
48 is a corporation; a general partner, if the licensee is a partnership; a
49 member, if the licensee is a limited liability company; or a sole
50 proprietor, if the licensee is a sole proprietorship] individual whose
51 responsibilities are limited to clerical and administrative tasks and
52 who does not solicit borrowers, take applications or negotiate the
53 terms of loans;

54 (9) "Residential property" means improved real property used or
55 occupied, or intended to be used or occupied, for residential purposes;

56 (10) "Simulated check" means a document that imitates or resembles
57 a check but is not a negotiable instrument;

58 (11) "Table funding agreement" means an agreement wherein a
59 person agrees to fund mortgage loans to be made in another person's
60 name and to purchase such loans after they are made; and

61 (12) "Warehouse agreement" means an agreement to provide credit
62 to a person to enable the person to have funds to make mortgage loans
63 and hold such loans pending sale to other persons.

64 Sec. 2. Subsection (d) of section 36a-488 of the general statutes is
65 repealed and the following is substituted in lieu thereof (*Effective*
66 *October 1, 2007*):

67 (d) It shall be considered a violation of section 36a-53a if a licensee
68 files an application for registration of an originator or for renewal of
69 such registration with knowledge that such application contains a
70 material misstatement by an originator.

71 Sec. 3. Section 36a-490 of the general statutes is repealed and the
72 following is substituted in lieu thereof (*Effective October 1, 2007*):

73 (a) Each license shall state the location at which the business is to be
74 conducted and shall state fully the name of the licensee. If the licensee

75 desires to make first mortgage loans in more than one location or to act
 76 as a first mortgage broker in more than one location, the licensee shall
 77 procure a license for each location where the business is to be
 78 conducted. Each license shall be maintained at the location for which
 79 the license was issued and shall be available for public inspection.
 80 Such license shall not be transferable or assignable. [Any change of
 81 location of a licensee shall require only prior written notice to the
 82 commissioner.] No licensee shall use any name other than the name
 83 stated on the license issued by the commissioner.

84 (b) A licensee may change the name or location specified on its
 85 license or the person with supervisory authority over the lending or
 86 brokerage activities at its licensed location if (1) at least twenty-one
 87 calendar days prior to such change, the licensee notifies the
 88 commissioner, in writing, on a form satisfactory to the commissioner,
 89 and, in the case of a change of name or location, provides a bond rider
 90 or endorsement to the surety bond on file with the commissioner that
 91 reflects the new name or location, and (2) the commissioner does not
 92 disapprove such change, in writing, or request further information
 93 within such twenty-one-day period. The licensee shall promptly notify
 94 the commissioner, in writing, of any other change in the information
 95 provided in the application for license or most recent renewal of such
 96 license.

97 (c) Each license shall remain in force and effect until it has been
 98 surrendered, revoked, suspended or expires in accordance with the
 99 provisions of sections 36a-485 to 36a-498a, inclusive, as amended by
 100 this act.

101 Sec. 4. Section 36a-510 of the general statutes is repealed and the
 102 following is substituted in lieu thereof (*Effective October 1, 2007*):

103 As used in sections 36a-510 to 36a-524, inclusive, as amended by this
 104 act, unless the context otherwise requires:

105 (1) "Advance fee" means any consideration paid or given, directly or

106 indirectly, to a mortgage lender, secondary mortgage broker or
107 originator required to be licensed or registered pursuant to sections
108 36a-510 to 36a-524, inclusive, as amended by this act, prior to the
109 closing of a secondary mortgage loan to any person, including, but not
110 limited to, loan fees, points, broker's fees or commissions, transaction
111 fees, or similar prepaid finance charges;

112 (2) "Advertise" or "advertisement" means the use of media, mail,
113 computer, telephone, personal contact or any other means to offer the
114 opportunity for a secondary mortgage loan;

115 (3) "Licensee" means any person who is required to be licensed
116 pursuant to section 36a-511;

117 (4) "Mortgage lender" means a secondary mortgage lender or a
118 secondary mortgage correspondent lender, or both;

119 (5) "Originator" means an individual who is employed or retained
120 by, or otherwise acts on behalf of, a mortgage lender or secondary
121 mortgage broker that is licensed or required to be licensed under
122 sections 36a-510 to 36a-524, inclusive, as amended by this act, for, or
123 with the expectation of, a fee, commission or other valuable
124 consideration, to take an application for or negotiate, solicit, arrange or
125 find a secondary mortgage loan. "Originator" does not include an
126 [officer, if the licensee is a corporation; a general partner, if the licensee
127 is a partnership; a member, if the licensee is a limited liability
128 company; or a sole proprietor, if the licensee is a sole proprietorship]
129 individual whose responsibilities are limited to clerical and
130 administrative tasks and who does not solicit borrowers, take
131 applications or negotiate the terms of loans;

132 (6) "Principal amount of the loan" means the gross loan amount the
133 borrower is obligated to repay including any prepaid finance charge
134 and other charges which are financed. The provisions of this
135 subdivision apply to all loans negotiated before, on and after June 14,
136 1993;

137 (7) "Secondary mortgage broker" means a person who, for a fee,
138 commission or other valuable consideration, directly or indirectly,
139 negotiates, solicits, arranges, places or finds a secondary mortgage loan
140 that is to be made by a mortgage lender, whether or not the mortgage
141 lender is required to be licensed under sections 36a-510 to 36a-524,
142 inclusive, as amended by this act;

143 (8) "Secondary mortgage correspondent lender" means a person
144 engaged in the business of making secondary mortgage loans in such
145 person's own name where the loans are not held by such person for
146 more than ninety days and are funded by another person through a
147 warehouse agreement, table funding agreement or similar agreement;

148 (9) "Secondary mortgage lender" means a person engaged in the
149 business of making secondary mortgage loans: (A) In such person's
150 own name utilizing such person's own funds, or (B) by funding loans
151 through a table funding agreement;

152 (10) "Secondary mortgage loan" means (A) a loan or an extension of
153 credit, including, but not limited to, an extension of credit pursuant to
154 a contract or an assigned contract for the sale of goods or services,
155 made to a person, the proceeds of which are to be used primarily for
156 personal, family or household purposes, and which is secured in
157 whole or in part by a mortgage upon any interest in one-to-four-family
158 residential owner-occupied real property located in this state,
159 provided such real property is subject to one or more prior mortgages,
160 and (B) the renewal or refinancing of any existing loan or extension of
161 credit described in subparagraph (A) of this subdivision;

162 (11) "Simulated check" means a document that imitates or resembles
163 a check but is not a negotiable instrument;

164 (12) "Table funding agreement" has the meaning given to that term
165 in subdivision (11) of section 36a-485; and

166 (13) "Warehouse agreement" has the meaning given to that term in

167 subdivision (12) of section 36a-485.

168 Sec. 5. Subsection (f) of section 36a-513 of the general statutes is
169 repealed and the following is substituted in lieu thereof (*Effective*
170 *October 1, 2007*):

171 (f) It shall be considered a violation of section 36a-53a if a licensee
172 files an application for registration of an originator or for renewal of
173 such registration with knowledge that such application contains a
174 material misstatement by an originator.

175 Sec. 6. Section 36a-515 of the general statutes is repealed and the
176 following is substituted in lieu thereof (*Effective October 1, 2007*):

177 (a) Each license shall state the location at which the business is to be
178 conducted and shall state fully the name of the licensee. If the licensee
179 desires to make secondary mortgage loans in more than one location
180 or to act as a mortgage broker in more than one location, the licensee
181 shall procure a license for each location where the business is to be
182 conducted. Each license shall be maintained at the location for which
183 the license was issued and shall be available for public inspection.
184 Such license shall not be transferable or assignable. [Any change of
185 location of a licensee shall require only prior written notice to the
186 commissioner.] No licensee shall use any name other than the name
187 stated on the license issued by the commissioner.

188 (b) A licensee may change the name or location specified on its
189 license or the person with supervisory authority over the lending or
190 brokerage activities at its licensed location if (1) at least twenty-one
191 calendar days prior to such change, the licensee notifies the
192 commissioner, in writing, on a form satisfactory to the commissioner,
193 and, in the case of a change of name or location, provides a bond rider
194 or endorsement to the surety bond on file with the commissioner that
195 reflects the new name or location, and (2) the commissioner does not
196 disapprove such change, in writing, or request further information
197 within such twenty-one-day period. The licensee shall promptly notify

198 the commissioner, in writing, of any other change in the information
199 provided in the application for license or most recent renewal of such
200 license.

201 (c) Each license and registration shall remain in force and effect until
202 it has been surrendered, revoked, suspended or expires in accordance
203 with the provisions of sections 36a-510 to 36a-524, inclusive, as
204 amended by this act.

205 Sec. 7. Section 36a-570 of the general statutes is repealed and the
206 following is substituted in lieu thereof (*Effective from passage*):

207 The commissioner may adopt such regulations, in accordance with
208 chapter 54, and make such findings as may be necessary for the
209 conduct of the small loan business and its association with other
210 businesses, the conduct of the associated businesses and the
211 enforcement of the provisions of sections 36a-555 to 36a-573, inclusive.

212 Sec. 8. Section 36a-596 of the general statutes is repealed and the
213 following is substituted in lieu thereof (*Effective October 1, 2007*):

214 As used in sections 36a-595 to 36a-610, inclusive, as amended by this
215 act:

216 (1) "Electronic payment instrument" means a card or other tangible
217 object for the transmission of money or monetary value or payment of
218 money which contains a microprocessor chip, magnetic stripe, or other
219 means for the storage of information, that is prefunded and for which
220 the value is decremented upon each use, but does not include a card or
221 other tangible object that is redeemable by the issuer in the issuer's
222 goods or services.

223 (2) "Holder" means a person, other than a purchaser, who is either in
224 possession of a Connecticut payment instrument and is the named
225 payee thereon or in possession of a Connecticut payment instrument
226 issued or endorsed to such person or bearer or in blank. "Holder" does
227 not include any person who is in possession of a lost, stolen or forged

228 Connecticut payment instrument.

229 (3) "Licensee" means any person licensed pursuant to sections 36a-
230 595 to 36a-610, inclusive, as amended by this act.

231 (4) "Material litigation" means any litigation that, according to
232 generally accepted accounting principles, is deemed significant to a
233 person's financial health and would be required to be referenced in a
234 person's annual audited financial statements, report to shareholders or
235 similar documents.

236 (5) "Monetary value" means a medium of exchange, whether or not
237 redeemable in money.

238 (6) "Money order" means any check, draft, money order or other
239 payment instrument. "Money order" does not include a travelers check
240 or electronic payment instrument.

241 (7) "Money transmission" means engaging in the business of
242 receiving money or monetary value for current or future transmission
243 or the business of transmitting money or monetary value within the
244 United States or to locations outside the United States by any and all
245 means including, but not limited to, payment instrument, wire,
246 facsimile or electronic transfer or issuing stored value.

247 (8) "Net worth" means the excess of assets over liabilities as
248 determined by generally accepted accounting principles.

249 (9) "Outstanding" means, in the case of a money order, travelers
250 check, electronic payment instrument or stored value, that: (A) It is
251 sold or issued in the United States; (B) a report of it has been received
252 by a licensee from its agents or subagents; and (C) it has not yet been
253 paid by the issuer.

254 (10) "Payment instrument" means a money order, travelers check or
255 electronic payment instrument that evidences either an obligation for
256 the transmission of money or monetary value or payment of money, or

257 the purchase or the deposit of funds for the purchase of such money
258 order, travelers check or electronic payment instrument. A payment
259 instrument is a "Connecticut payment instrument" if it is sold in this
260 state.

261 (11) "Permissible investment" means: (A) Cash in United States
262 currency; (B) time deposits, as defined in section 36a-2, or other debt
263 instruments of a bank; (C) bills of exchange or bankers acceptances
264 which are eligible for purchase by member banks of the Federal
265 Reserve System; (D) commercial paper of prime quality; (E) interest-
266 bearing bills, notes, bonds, debentures or other obligations issued or
267 guaranteed by: (i) The United States or any of its agencies or
268 instrumentalities, or (ii) any state, or any agency, instrumentality,
269 political subdivision, school district or legally constituted authority of
270 any state if such investment is of prime quality; (F) interest-bearing
271 bills or notes, or bonds, debentures or preferred stocks, traded on any
272 national securities exchange or on a national over-the-counter market,
273 if such debt or equity investments are of prime quality; (G) receivables
274 due from selling agents consisting of the proceeds of the sale of
275 payment instruments which are not past due or doubtful of collection;
276 (H) gold; and (I) any other investments approved by the
277 commissioner. Notwithstanding the provisions of this subdivision, if
278 the commissioner at any time finds that an investment of a licensee is
279 unsatisfactory for investment purposes, the investment shall not
280 qualify as a permissible investment.

281 (12) "Prime quality" of an investment means that it is within the top
282 four rating categories in any rating service recognized by the
283 commissioner unless the commissioner determines for any licensee
284 that only those investments in the top three rating categories qualify as
285 "prime quality".

286 (13) "Purchaser" means a person who buys or has bought a
287 Connecticut payment instrument.

288 (14) "Stored value" means monetary value that is evidenced by an

289 electronic record. For the purposes of this subdivision, "electronic
290 record" means information that is stored in an electronic medium and
291 is retrievable in perceivable form.

292 (15) "Travelers check" means a payment instrument for the payment
293 of money that contains a provision for a specimen signature of the
294 purchaser to be completed at the time of a purchase of the instrument
295 and a provision for a countersignature of the purchaser to be
296 completed at the time of negotiation.

297 Sec. 9. Section 36a-602 of the general statutes is repealed and the
298 following is substituted in lieu thereof (*Effective October 1, 2007*):

299 (a) As a condition for the issuance and retention of the license,
300 applicants for a license and licensees shall file with the commissioner a
301 surety bond, the form of which shall be approved by the Attorney
302 General, issued by a bonding company or insurance company
303 authorized to do business in this state. The bond shall be in favor of
304 the commissioner, cover claims that arise during the period the license
305 remains in full force and effect and the succeeding two years after such
306 license has been surrendered, revoked or suspended or has expired, in
307 accordance with the provisions of sections 36a-595 to 36a-610,
308 inclusive, as amended by this act, and be in the principal sum of (1)
309 three hundred thousand dollars for any applicant and any licensee that
310 engages in the business of issuing Connecticut payment instruments
311 with an average daily balance of outstanding Connecticut payment
312 instruments during the two previous reporting quarters of three
313 hundred thousand dollars or less or any licensee that engages in the
314 business of money transmission with an average weekly amount of
315 money or monetary value received or transmitted, whichever amount
316 is greater, during the two previous reporting quarters of one hundred
317 fifty thousand dollars or less; (2) five hundred thousand dollars for any
318 licensee that engages in the business of issuing Connecticut payment
319 instruments with an average daily balance of outstanding Connecticut
320 payment instruments during the two previous reporting quarters of

321 greater than three hundred thousand dollars but less than five
322 hundred thousand dollars or any licensee that engages in the business
323 of money transmission with an average weekly amount of money or
324 monetary value received or transmitted, whichever amount is greater,
325 during the two previous reporting quarters of greater than one
326 hundred fifty thousand dollars but less than two hundred fifty
327 thousand dollars; and (3) one million dollars for any licensee that
328 engages in the business of issuing Connecticut payment instruments
329 with an average daily balance of outstanding Connecticut payment
330 instruments during the two previous reporting quarters equal to or
331 greater than five hundred thousand dollars or any licensee that
332 engages in the business of money transmission with an average weekly
333 amount of money or monetary value received or transmitted,
334 whichever amount is greater, during the two previous reporting
335 quarters of two hundred fifty thousand dollars or greater. The
336 proceeds of the bond, even if commingled with other assets of the
337 licensee, shall be deemed by operation of law to be held in trust for the
338 benefit of any claimants against the licensee to serve the faithful
339 performance of the obligations of the licensee with respect to the
340 receipt, handling, transmission or payment of money or monetary
341 value in connection with the sale and issuance of Connecticut payment
342 instruments or transmission of money or monetary value in the event
343 of the bankruptcy of the licensee, and shall be immune from
344 attachment by creditors or judgment creditors. The commissioner may
345 proceed on such bond against the principal or surety thereon, or both,
346 to collect any civil penalty imposed upon the licensee pursuant to
347 subsection (a) of section 36a-50. In the event a license has been
348 surrendered, revoked or suspended or has expired, in accordance with
349 the provisions of sections 36a-595 to 36a-610, inclusive, as amended by
350 this act, the commissioner, in the commissioner's discretion, may lower
351 the required principal sum of the bond based on the licensee's level of
352 business and outstanding Connecticut payment instruments.

353 (b) The surety company may cancel the bond at any time by a
354 written notice to the licensee, stating the date cancellation shall take

355 effect. Such notice shall be sent by certified mail to the licensee at least
356 thirty days prior to the date of cancellation. A surety bond shall not be
357 cancelled unless the surety company notifies the commissioner in
358 writing not less than thirty days prior to the effective date of
359 cancellation. The commissioner shall automatically suspend the license
360 on the date the cancellation takes effect, unless the surety bond has
361 been replaced or renewed, all of the principal sum of such surety bond
362 has been invested as provided in subsection (c) of this section, or the
363 surety bond has been replaced in part and the remaining part of the
364 principal sum of such surety bond has been invested as provided in
365 subsection (c) of this section or unless the licensee has ceased business
366 and has voluntarily surrendered the license. The commissioner shall
367 give the licensee notice of the automatic suspension pending
368 proceedings for revocation or refusal to renew such license and an
369 opportunity for a hearing on such actions in accordance with section
370 36a-51.

371 (c) In lieu of all or part of the principal sum of such surety bonds,
372 applicants for a license and licensees may invest such sum as provided
373 in this subsection. The book or market value, whichever is lower, of
374 such investments shall be equal to the amount of the bond required by
375 subsection (a) of this section less the amount of the bond filed with the
376 commissioner by the applicant or licensee. Such applicants and
377 licensees shall keep such investments with such banks, Connecticut
378 credit unions or federal credit unions as such applicants or licensees
379 may designate and the commissioner may approve, and subject to
380 such conditions as the commissioner deems necessary for the
381 protection of consumers and in the public interest. As used in this
382 subsection, "investments" means: (1) Dollar deposits; and (2) interest-
383 bearing bills, notes, bonds, debentures or other obligations issued or
384 guaranteed by (A) the United States or any of its agencies or
385 instrumentalities, or (B) any state, or any agency, instrumentality,
386 political subdivision, school district or legally constituted authority of
387 any state if such investment is of prime quality. The investments shall
388 secure the same obligation as would a surety bond filed under this

389 section. The investments shall be held at such banks or credit unions to
 390 cover claims during the period the license remains in full force and
 391 effect and the succeeding two years after such license has been
 392 surrendered, revoked or suspended or has expired in accordance with
 393 the provisions of sections 36a-595 to 36a-610, inclusive, as amended by
 394 this act. The licensee shall be permitted to collect interest on such
 395 investments and at any time to exchange, examine [,] and compare
 396 such investments. The investments made pursuant to this section, even
 397 if commingled with other assets of the licensee, shall be deemed by
 398 operation of law to be held in trust for the benefit of any claimants
 399 against the licensee to serve the faithful performance of the obligations
 400 of the licensee with respect to the receipt, handling, transmission or
 401 payment of money or monetary value in connection with the sale and
 402 issuance of Connecticut payment instruments or transmission of
 403 money or monetary value in the event of the bankruptcy of the
 404 licensee, and shall be immune from attachment by creditors or
 405 judgment creditors.

406 Sec. 10. Section 36a-603 of the general statutes is repealed and the
 407 following is substituted in lieu thereof (*Effective October 1, 2007*):

408 (a) Each licensee shall at all times maintain permissible investments
 409 having a value, computed in accordance with generally accepted
 410 accounting principles, at least equal to the aggregate amount of its
 411 outstanding Connecticut payment instruments and stored value.

412 (b) As used in subsection (a) of this section, "value" means the lower
 413 of book or market value, except that with regard to debt obligations
 414 which the licensee as a matter of policy retains until maturity, "value"
 415 means the greater of book or market value unless the commissioner
 416 orders that for some or all investments of a particular licensee, "value"
 417 means the lower of book or market value.

418 (c) Permissible investments, even if commingled with other assets of
 419 the licensee, shall be deemed by operation of law to be held in trust for
 420 the benefit of any claimants against the licensee to serve the faithful

421 performance of the obligations of the licensee with respect to the
422 receipt, handling, transmission or payment of money or monetary
423 value in connection with the sale and issuance of Connecticut payment
424 instruments or transmission of money or monetary value in the event
425 of the bankruptcy of the licensee, and shall be immune from
426 attachment by creditors or judgment creditors.

427 Sec. 11. Subdivision (4) of subsection (a) of section 36a-607 of the
428 general statutes is repealed and the following is substituted in lieu
429 thereof (*Effective October 1, 2007*):

430 (4) A licensee shall be liable for the loss caused to any purchaser or
431 holder of the licensee's Connecticut payment instruments by the failure
432 of an agent or subagent of the licensee to forward to the licensee the
433 amount due from the proceeds of a sale or delivery of the licensee's
434 Connecticut payment instruments, or money or monetary value
435 received for transmission.

436 Sec. 12. Section 36a-758 of the general statutes is repealed and the
437 following is substituted in lieu thereof (*Effective October 1, 2007*):

438 Any [financial institution, as defined in subdivision (1) of section
439 36a-41, or any other] person who makes any first mortgage loan, [(1)
440 for the purchase of real property to be secured by a first mortgage on
441 real property located in this state or (2) to refinance an existing
442 indebtedness secured by a mortgage, which loan is to be secured by a
443 first mortgage on real property located in this state shall, at the time of
444 the execution] as defined in section 36a-485, as amended by this act, or
445 any secondary mortgage loan, as defined in section 36a-510, as
446 amended by this act, shall, at the closing of such loan or [at the
447 termination of any] not later than three business days after the closing
448 in the case of a loan where the mortgagor has a right to rescind the
449 loan transaction under 12 CFR 226, [whichever is later] as from time to
450 time amended, pay the loan proceeds to the mortgagor, to the
451 mortgagor's attorney, [or] to the mortgagee's attorney or to any other
452 person specified in any settlement statement, written agreement

453 between the mortgagor and the mortgagee or any written instruction
 454 of the mortgagor, by a certified, bank treasurer's or cashier's check or
 455 by means of wire transfer. For purposes of this section, "business day"
 456 has the same meaning as provided in 12 CFR 226.2(a)(6), as from time
 457 to time amended, for purposes of rescission.

458 Sec. 13. Section 20-325c of the general statutes is repealed and the
 459 following is substituted in lieu thereof (*Effective October 1, 2007*):

460 (a) As used in this section "residential real property" means one to
 461 four-family residential real estate located in this state.

462 (b) (1) Each real estate broker or real estate salesperson licensed or
 463 required to be licensed under section 20-312 or each person affiliated
 464 with such broker or salesperson who for a fee, commission or other
 465 valuable consideration, directly or indirectly, negotiates, solicits,
 466 arranges, places or finds a mortgage loan that is to be made by a
 467 mortgage lender, whether or not the mortgage lender is licensed or
 468 required to be licensed under sections 36a-485 to 36a-534a, inclusive, as
 469 amended by this act, shall comply with the licensing requirement of
 470 subsection (a) of section 36a-486 and subsection (a) of section 36a-511,
 471 if applicable. Each real estate broker or real estate salesperson licensed
 472 or required to be licensed under section 20-312 or each person
 473 affiliated with such broker or salesperson who is employed or retained
 474 by, or otherwise acts on behalf of, a mortgage lender or mortgage
 475 broker that is licensed or required to be licensed under sections 36a-
 476 485 to 36a-534a, inclusive, as amended by this act, for, or with the
 477 expectation of, a fee, commission or other valuable consideration, to
 478 take an application for or negotiate, solicit, arrange or find a mortgage
 479 loan shall comply with the registration requirement of subsection (b) of
 480 section 36a-486 or subsection (b) of section 36a-511, if applicable.

481 [(b)] (2) Notwithstanding any provision of the general statutes to the
 482 contrary, no real estate broker or real estate salesperson, and no person
 483 affiliated with such broker or salesperson, who receives a fee,
 484 commission or other valuable consideration for the sale of residential

485 real property, may receive a fee, commission or other valuable
486 consideration for negotiating, soliciting, arranging, placing or finding a
487 first mortgage loan for the buyer in connection with the same sale
488 unless disclosure is made in accordance with the provisions of
489 subsection (c) of this section. Any fee, commission or other valuable
490 consideration received by such broker or salesperson for negotiating,
491 soliciting, arranging, placing or finding a first mortgage loan shall [(1)]
492 (A) be related to the services actually performed, as determined by the
493 Banking Commissioner by regulations adopted pursuant to chapter 54,
494 [(2)] (B) not be imposed for the referral of the buyer to the mortgage
495 lender by such broker or salesperson, and [(3)] (C) be paid directly to
496 the broker or salesperson by the buyer rather than from the mortgage
497 loan proceeds at the time of closing.

498 (c) Any disclosure made pursuant to subsection (b) of this section
499 shall be made to and acknowledged by the buyer prior to the time the
500 buyer signs a contract with the real estate broker or salesperson for
501 mortgage brokering services. Such disclosure shall include the
502 following notice printed in at least ten-point boldface capital letters:

503 I UNDERSTAND THAT THE REAL ESTATE BROKER OR
504 SALESPERSON IN THIS TRANSACTION HAS OFFERED TO ASSIST
505 ME IN FINDING A MORTGAGE LOAN. ADDITIONALLY, I
506 UNDERSTAND THAT THIS REAL ESTATE BROKER OR
507 SALESPERSON DOES NOT REPRESENT ANY PARTICULAR
508 MORTGAGE LENDER AND WILL ATTEMPT TO OBTAIN THE
509 BEST TERMS AVAILABLE WITHIN THE MORTGAGE LOAN
510 MARKET FOR MY SPECIFIC HOME FINANCING NEEDS. IF THE
511 REAL ESTATE BROKER OR SALESPERSON DOES NOT FULFILL
512 HIS FIDUCIARY OBLIGATION I MAY FILE A COMPLAINT WITH
513 THE DEPARTMENT OF BANKING. I ALSO UNDERSTAND THAT I
514 MAY ATTEMPT TO FIND A MORTGAGE LOAN TO FINANCE THE
515 PURCHASE OF MY HOME WITHOUT THE ASSISTANCE OF THE
516 REAL ESTATE BROKER OR SALESPERSON IN WHICH CASE I
517 WILL NOT BE OBLIGATED TO PAY A FEE TO THE REAL ESTATE

518 BROKER OR SALESPERSON.

519 (d) No mortgage lender may refuse to close a mortgage loan secured
520 by residential real property because the buyer has not paid a fee,
521 commission or other valuable consideration to a real estate broker or
522 salesperson for negotiating, soliciting, arranging, placing or finding the
523 first mortgage loan.

524 Sec. 14. Section 20-329 of the general statutes is repealed and the
525 following is substituted in lieu thereof (*Effective October 1, 2007*):

526 The provisions of this chapter concerning the licensure of real estate
527 brokers and real estate salespersons shall not apply to: (1) Any person
528 who as owner or lessor performs any of the acts enumerated in section
529 20-311, with reference to property owned, leased or sought to be
530 acquired or leased by the person, or to the person's regular employees
531 who are employed as on-site residential superintendents or custodians,
532 with respect to the property so owned or leased or sought to be
533 acquired or leased when such acts are performed in the regular course
534 of, or incident to, the management of such property and the
535 investment therein; (2) any person acting as attorney-in-fact under a
536 duly executed power of attorney from the owner authorizing the final
537 consummation by performance of any contract for the sale, leasing or
538 exchange of real estate, or to service rendered by any attorney-at-law
539 in the performance of the attorney-at-law's duties as such attorney-at-
540 law; (3) a receiver, trustee in bankruptcy, administrator, executor or
541 other fiduciary, while acting as such, or any person selling real estate
542 under order of any court, or to a trustee acting under a trust
543 agreement, deed of trust or will, or the regular salaried employees
544 thereof; (4) witnesses in court as to the values of real estate; (5) persons
545 in the employ of the federal or state government or any political
546 subdivision thereof while acting in the course of such employment; (6)
547 any employee of any nonprofit housing corporation that (A) has been
548 certified as a tax-exempt organization under Section 501(c)(3) of the
549 Internal Revenue Code of 1986, or any subsequent corresponding

550 internal revenue code of the United States, as from time to time
 551 amended, and manages a housing project, or (B) manages a housing
 552 project assisted in whole or in part by the federal government
 553 pursuant to Section 8 of The United States Housing Act of 1937, as
 554 from time to time amended, while such employee is performing duties
 555 in the regular course of, or incidental to, the management of such
 556 housing project; (7) any person licensed as a broker in accordance with
 557 sections 36a-510 to 36a-524, inclusive, as amended by this act, who
 558 engages solely in the activities described in [subsection (6)] subdivision
 559 (7) of section 36a-510, as amended by this act; (8) any person licensed
 560 to maintain or operate a mobile manufactured home park under
 561 chapter 412 who performs any of the acts enumerated in section 20-
 562 311, with reference to lots or mobile manufactured homes within the
 563 park or to the person's employees with respect to lots or mobile
 564 manufactured homes within such park when such acts are performed
 565 in the regular course of, or incidental to, the management of such
 566 property and the investment therein; (9) persons licensed as sellers of
 567 mobile manufactured homes under section 21-67; or (10) any person or
 568 such person's regular employee who, as owner, lessor, licensor,
 569 manager, representative or agent manages, leases, or licenses space on
 570 or in a tower, building or other structure for (A) "personal wireless
 571 services facilities" or facilities for "private mobile service" as those
 572 terms are defined in 47 USC 332, which facilities shall be unattended,
 573 and the installation and maintenance of related devices authorized by
 574 the Federal Communications Commission, and ancillary equipment
 575 used to operate such devices and equipment shelters therefor, in an
 576 area not to exceed three hundred sixty square feet for any one service
 577 established by the Federal Communications Commission in 47 CFR, as
 578 amended from time to time, by a provider of any such service, and (B)
 579 any right appropriate to access such facilities and connect or use
 580 utilities in connection with such facilities.

581 Sec. 15. Subsection (a) of section 36a-51 of the general statutes is
 582 repealed and the following is substituted in lieu thereof (*Effective from*
 583 *passage*):

584 (a) The commissioner may suspend, revoke or refuse to renew any
 585 license issued by the commissioner under any provision of the general
 586 statutes by sending a notice to the licensee by registered or certified
 587 mail, return receipt requested, or by any express delivery carrier that
 588 provides a dated delivery receipt. The notice shall be deemed received
 589 by the licensee on the earlier of the date of actual receipt or seven days
 590 after mailing or sending. Any such notice shall include: (1) A statement
 591 of the time, place, and nature of the hearing; (2) a statement of the legal
 592 authority and jurisdiction under which the hearing is to be held; (3) a
 593 reference to the particular sections of the general statutes, regulations,
 594 rules or orders involved; (4) a short and plain statement of the matters
 595 asserted; and (5) a statement indicating that the licensee may file a
 596 written request for a hearing on the matters asserted within fourteen
 597 days of receipt of the notice. If the commissioner finds that public
 598 health, safety or welfare imperatively requires emergency action, and
 599 incorporates a finding to that effect in the notice, the commissioner
 600 may order summary suspension of a license in accordance with
 601 subsection (c) of section 4-182 and require the licensee to take or refrain
 602 from taking such action as in the opinion of the commissioner will
 603 effectuate the purposes of this section, pending proceedings for
 604 suspension, revocation or refusal to renew.

605 Sec. 16. Subsection (b) of section 36a-52 of the general statutes is
 606 repealed and the following is substituted in lieu thereof (*Effective from*
 607 *passage*):

608 (b) If the commissioner finds that the public welfare requires
 609 immediate action, the commissioner may incorporate a finding to that
 610 effect in the notice sent in accordance with subsection (a) of this section
 611 and issue a temporary order requiring the person to cease and desist
 612 from the activity which constitutes such alleged violation and to take
 613 or refrain from taking such action as in the opinion of the
 614 commissioner will effectuate the purposes of this section. Such
 615 temporary order shall become effective on receipt and, unless set aside
 616 or modified by a court, shall remain in effect until the effective date of

617 a permanent order or dismissal of the matters asserted in the notice.

618 Sec. 17. Subdivision (1) of subsection (b) of section 36a-53 of the
619 general statutes is repealed and the following is substituted in lieu
620 thereof (*Effective from passage*):

621 (b) (1) Whenever the commissioner finds as the result of an
622 investigation that any related person of any Connecticut bank,
623 Connecticut holding company, Connecticut credit union or
624 Connecticut credit union service organization (A) has violated or is
625 violating any provision of the general statutes within the jurisdiction of
626 the commissioner, or any regulation, rule or order adopted or issued
627 thereunder, or any condition imposed in writing by the commissioner,
628 (B) has breached or is breaching any written agreement with the
629 commissioner, (C) has engaged or participated in or is engaging or
630 participating in any unsafe or unsound practice in connection with any
631 bank, Connecticut holding company, Connecticut credit union, federal
632 credit union or credit union service organization, (D) has been or is
633 charged in any information, indictment or complaint with the
634 commission of or participation in a crime which is punishable by
635 imprisonment for a term exceeding one year under state or federal law,
636 and continued service or participation by such related person may
637 pose a threat to the interests of depositors or members, or threatens to
638 impair public confidence in any bank, Connecticut holding company,
639 Connecticut credit union, federal credit union or Connecticut credit
640 union service organization, (E) has used or is using such related
641 person's position in a manner contrary to the interest of any bank,
642 Connecticut holding company, Connecticut credit union, federal credit
643 union or credit union service organization, or its depositors or
644 members, or (F) has been or is negligent in the performance of such
645 related person's duties, after having been warned in writing by the
646 commissioner to discontinue any such continuing delinquency, the
647 commissioner may send notice to such related person by registered or
648 certified mail, return receipt requested, or by any express delivery
649 carrier that provides a dated delivery receipt. The notice shall be

650 deemed received by the related person on the earlier of the date of
651 actual receipt or seven days after mailing or sending. Any such notice
652 shall include: (i) A statement of the time, place and nature of the
653 hearing; (ii) a statement of the legal authority and jurisdiction under
654 which the hearing is to be held; (iii) a reference to the particular
655 sections of the general statutes, regulations, rules or orders alleged to
656 have been violated; (iv) a short and plain statement of the matters
657 asserted; and (v) a statement indicating that such related person may
658 file a written request for a hearing on the matters asserted within
659 fourteen days of receipt of the notice. If a hearing is requested within
660 the time specified in the notice, the commissioner shall hold a hearing
661 upon the matters asserted in the notice unless such related person fails
662 to appear at the hearing. After the hearing, if the commissioner finds
663 that any of the grounds set forth in subparagraphs (A) to (F), inclusive,
664 of this subdivision exist with respect to such related person, the
665 commissioner shall order the removal of such related person from
666 office and from any participation in the management of the
667 Connecticut bank, Connecticut holding company, Connecticut credit
668 union or Connecticut credit union service organization. If such related
669 person fails to appear at the hearing, the commissioner shall order the
670 removal of such related person from office and from any participation
671 in the management of the Connecticut bank, Connecticut holding
672 company, Connecticut credit union or Connecticut credit union service
673 organization. If the commissioner finds that the protection of the
674 Connecticut bank, Connecticut holding company or its subsidiary that
675 is a Connecticut bank, Connecticut credit union or Connecticut credit
676 union service organization, or the interest of its depositors, depositors
677 of its subsidiary that is a Connecticut bank or members requires
678 immediate action, the commissioner may suspend any such related
679 person from office and from further participation in the management
680 of the Connecticut bank, Connecticut holding company, Connecticut
681 credit union or Connecticut credit union service organization and
682 require such related person to take or refrain from taking such action
683 as in the opinion of the commissioner will effectuate the purposes of

684 this subsection, by incorporating a finding to that effect in such notice.
685 The suspension or prohibition shall become effective upon receipt of
686 such notice and, unless stayed by a court, shall remain in effect until
687 the entry of a permanent order or the dismissal of the matters asserted.

688 Sec. 18. Subsection (c) of section 36a-53 of the general statutes is
689 repealed and the following is substituted in lieu thereof (*Effective from*
690 *passage*):

691 (c) Whenever it appears to the commissioner that any Connecticut
692 bank, Connecticut holding company, Connecticut credit union,
693 Connecticut credit union service organization or any related person of
694 any such entity (1) is violating, has violated or is about to violate any
695 provision of the general statutes within the jurisdiction of the
696 commissioner, or any regulation, rule or order adopted or issued
697 thereunder, or any condition imposed in writing by the commissioner,
698 (2) is breaching, has breached or is about to breach any written
699 agreement with the commissioner, (3) is engaging, has engaged or is
700 about to engage, in an unsafe or unsound practice, or (4) is using, has
701 used or is about to use such related person's position in a manner
702 contrary to the interest of any bank, Connecticut holding company,
703 Connecticut credit union, federal credit union or credit union service
704 organization, the commissioner may send notice and take action
705 against the Connecticut bank, Connecticut holding company,
706 Connecticut credit union, Connecticut credit union service
707 organization or related person in accordance with section 36a-52. If the
708 commissioner finds that the actual or threatened violation, breach,
709 unsafe or unsound practice or practices or use specified in such notice
710 is likely to cause insolvency or substantial dissipation of assets or
711 earnings of the Connecticut bank, Connecticut holding company,
712 Connecticut credit union or Connecticut credit union service
713 organization, or is likely to otherwise seriously prejudice the interests
714 of its depositors or members, the commissioner may incorporate a
715 finding to that effect in such notice and issue a temporary order
716 requiring the Connecticut bank, Connecticut holding company,

717 Connecticut credit union, Connecticut credit union service
718 organization or related person to cease and desist from any such
719 violation, breach, practice or use and to take or refrain from taking
720 such action as in the opinion of the commissioner will effectuate the
721 purposes of this subsection. The temporary order shall become
722 effective upon receipt and, unless set aside or modified by a court,
723 shall remain in effect until the effective date of a permanent order or
724 the dismissal of the matters asserted.

725 Sec. 19. Subsection (a) of section 36a-494 of the general statutes is
726 repealed and the following is substituted in lieu thereof (*Effective from*
727 *passage*):

728 (a) (1) The commissioner may suspend, revoke or refuse to renew
729 any license or take any other action, in accordance with the provisions
730 of section 36a-51, as amended by this act, for any reason which would
731 be sufficient grounds for the commissioner to deny an application for a
732 license under sections 36a-485 to 36a-498a, inclusive, as amended, or if
733 the commissioner finds that the licensee or any proprietor, director,
734 officer, member, partner, shareholder, trustee, employee or agent of
735 such licensee has done any of the following: (A) Made any material
736 misstatement in the application; (B) committed any fraud,
737 misappropriated funds or misrepresented, concealed, suppressed,
738 intentionally omitted or otherwise intentionally failed to disclose any
739 of the material particulars of any first mortgage loan transaction,
740 including disclosures required by subdivision (6) of subsection (a) of
741 section 36a-493, or part III of chapter 669 or regulations adopted
742 pursuant thereto, to anyone entitled to such information; (C) violated
743 any of the provisions of this title or of any regulations adopted
744 pursuant thereto, or any other law or regulation applicable to the
745 conduct of its business; or (D) failed to perform any agreement with a
746 licensee or a borrower.

747 (2) The commissioner may suspend, revoke or refuse to renew any
748 registration of an originator or take any other action, in accordance

749 with the provisions of section 36a-51, as amended by this act, for any
750 reason which would be sufficient grounds for the commissioner to
751 deny an application for a registration under sections 36a-485 to 36a-
752 498a, inclusive, as amended, or if the commissioner finds that the
753 registrant has committed any fraud, misappropriated funds,
754 misrepresented any of the material particulars of any first mortgage
755 loan transaction or has violated any of the provisions of this title or of
756 any regulations adopted pursuant to such title or any other law or
757 regulation applicable to the conduct of such registrant's business.

758 Sec. 20. Subsection (a) of section 36a-517 of the general statutes is
759 repealed and the following is substituted in lieu thereof (*Effective from*
760 *passage*):

761 (a)(1) The commissioner may suspend, revoke or refuse to renew
762 any license or take any other action, in accordance with section 36a-51,
763 as amended by this act, for any reason which would be sufficient
764 grounds for the commissioner to deny an application for a license
765 under sections 36a-510 to 36a-524, inclusive, as amended, or if the
766 commissioner finds that the licensee or any proprietor, director, officer,
767 member, partner, shareholder, trustee, employee or agent of such
768 licensee has done any of the following: (A) Made any material
769 misstatement in the application; (B) committed any fraud,
770 misappropriated funds or misrepresented, concealed, suppressed,
771 intentionally omitted or otherwise intentionally failed to disclose any
772 of the material particulars of any secondary mortgage loan transaction,
773 including disclosures required by part III of chapter 669 or regulations
774 adopted pursuant thereto, to anyone entitled to such information; (C)
775 violated any of the provisions of this title, or of any regulations
776 adopted pursuant thereto or any other law or regulation applicable to
777 the conduct of its business; or (D) failed to perform any agreement
778 with a licensee or a borrower.

779 (2) The commissioner may suspend, revoke or refuse to renew any
780 registration of an originator or take any other action, in accordance

781 with the provisions of section 36a-51, as amended by this act, for any
 782 reason which would be sufficient grounds for the commissioner to
 783 deny an application for a registration under sections 36a-510 to 36a-
 784 524, inclusive, as amended, or if the commissioner finds that the
 785 registrant has committed any fraud, misappropriated funds,
 786 misrepresented any of the material particulars of any secondary
 787 mortgage loan transaction or has violated any of the provisions of this
 788 title or of any regulations adopted pursuant to such title or any other
 789 law or regulation applicable to the conduct of such registrant's
 790 business.

791 Sec. 21. Subsection (a) of section 36a-543 of the general statutes is
 792 repealed and the following is substituted in lieu thereof (*Effective from*
 793 *passage*):

794 (a) The commissioner may suspend, revoke or refuse to renew any
 795 sales finance company license or take any other action, in accordance
 796 with section 36a-51, as amended by this act, if the commissioner finds
 797 that: (1) The licensee, knowingly or without the exercise of due care to
 798 prevent such violation, has violated any provision of sections 36a-535
 799 to 36a-546, inclusive, as amended, or of any other law regulating
 800 installment sales financing, or has failed to comply with any demand
 801 or requirement, made by the commissioner under and within the
 802 authority of sections 36a-535 to 36a-546, inclusive, as amended; or (2)
 803 there has been any material misstatement or failure to give a true reply
 804 to a question in the application for the license; or (3) the licensee has
 805 defrauded any retail buyer to the buyer's damage; or wilfully failed to
 806 perform any written agreement with any retail buyer; or (4) any fact or
 807 condition exists which, if it had existed at the time of the original
 808 application for such license, would have warranted the commissioner's
 809 denial of such license originally; or (5) in the case of a licensee other
 810 than a natural person, (A) any officer, director, trustee, member or
 811 partner of such licensee has been guilty of any act or omission which
 812 would be cause for revoking or suspending a license of such party as
 813 an individual; or (B) any other agent or employee of such licensee has

814 been guilty of such act or omission and the licensee has approved or
815 had knowledge thereof and, after such approval or knowledge, has
816 retained the benefit, proceeds, profit or advantage of such act or
817 omission or otherwise ratified it.

818 Sec. 22. Section 36a-572 of the general statutes is repealed and the
819 following is substituted in lieu thereof (*Effective from passage*):

820 The commissioner may [, in accordance with section 36a-51,]
821 suspend, revoke or refuse to renew any license issued under the
822 provisions of section 36a-556 or take any other action, in accordance
823 with section 36a-51, as amended by this act, if the commissioner finds
824 that the licensee has violated any provision of sections 36a-555 to 36a-
825 573, inclusive, as amended, or any regulation or order lawfully made
826 pursuant to and within the authority of said sections, or if the
827 commissioner finds that any fact or condition exists which, if it had
828 existed at the time of the original application for the license, clearly
829 would have warranted a denial of such license.

830 Sec. 23. Subsection (a) of section 36a-587 of the general statutes is
831 repealed and the following is substituted in lieu thereof (*Effective from*
832 *passage*):

833 (a) The commissioner may suspend, revoke or refuse to renew any
834 license issued pursuant to section 36a-581 or take any other action, in
835 accordance with the provisions of section 36a-51, as amended by this
836 act, for any reason which would be sufficient grounds for the
837 commissioner to deny an application for a license under sections 36a-
838 580 to 36a-589, inclusive, or if the commissioner finds that the licensee
839 or any owner, director, officer, member, partner, shareholder, trustee,
840 employee or agent of such licensee has done any of the following: (1)
841 Made any material misstatement in the application; (2) committed any
842 fraud, engaged in dishonest activities or made any misrepresentation;
843 (3) violated any provision of sections 36a-580 to 36a-589, inclusive, or
844 any regulation promulgated under said sections; or (4) demonstrated
845 incompetency or untrustworthiness to act as a licensed check cashing

846 service.

847 Sec. 24. Subsection (b) of section 36a-608 of the general statutes is
848 repealed and the following is substituted in lieu thereof (*Effective from*
849 *passage*):

850 (b) The commissioner may suspend or revoke a license or take any
851 other action, in accordance with section 36a-51, as amended by this act,
852 on any ground on which the commissioner might refuse to issue an
853 original license, for any violation of sections 36a-595 to 36a-610,
854 inclusive, or of any regulation adopted under said sections, for
855 noncompliance with an order which the commissioner may issue
856 under said sections to a licensee, or for failure of the licensee to pay a
857 judgment ordered by any court within or outside this state within
858 thirty days after the judgment becomes final or within thirty days after
859 expiration or termination of a stay of execution of the judgment.

860 Sec. 25. Subsection (a) of section 36a-657 of the general statutes is
861 repealed and the following is substituted in lieu thereof (*Effective from*
862 *passage*):

863 (a) The commissioner may suspend, revoke or refuse to renew any
864 license or take any other action, in accordance with the provisions of
865 section 36a-51, as amended by this act, for any reason which would be
866 sufficient grounds for the commissioner to deny an application for a
867 license under sections 36a-655 to 36a-665, inclusive, or if the
868 commissioner finds that the licensee or any proprietor, director, officer,
869 member, partner, shareholder, trustee, employee or agent of such
870 licensee has done any of the following: (1) Made any material
871 misstatement in the application; (2) committed any fraud or
872 misappropriated funds; (3) violated any of the provisions of sections
873 36a-655 to 36a-665, inclusive, or any other law or regulation applicable
874 to the conduct of its business; or (4) failed to perform any agreement
875 with a debtor.

876 Sec. 26. Subsection (a) of section 36a-804 of the general statutes is

877 repealed and the following is substituted in lieu thereof (*Effective from*
878 *passage*):

879 (a) The commissioner may suspend, revoke or refuse to renew any
880 license or take any other action, in accordance with the provisions of
881 section 36a-51, as amended by this act, for any reason which would be
882 sufficient grounds for the commissioner to deny an application for a
883 license under sections 36a-800 to 36a-810, inclusive, or if the
884 commissioner finds that the licensee or any proprietor, director, officer,
885 member, partner, shareholder, trustee, employee or agent of such
886 licensee has done any of the following: (1) Made any material
887 misstatement in the application; (2) committed any fraud or
888 misrepresentation or misappropriated funds; or (3) violated any of the
889 provisions of sections 36a-800 to 36a-810, inclusive, or of any
890 regulations adopted pursuant thereto, or any other law or regulation
891 applicable to the conduct of its business.

892 Sec. 27. Subsection (c) of section 36b-15 of the general statutes is
893 repealed and the following is substituted in lieu thereof (*Effective from*
894 *passage*):

895 (c) The commissioner may by order summarily postpone or suspend
896 registration or require a registrant to take or refrain from taking such
897 action that in the opinion of the commissioner will effectuate the
898 purposes of sections 36b-2 to 36b-33, inclusive, as amended by this act,
899 pending final determination of any proceeding under this section.
900 Upon the entry of the order, the commissioner shall promptly notify
901 the applicant or registrant, as well as the employer or prospective
902 employer if the applicant or registrant is an agent or an investment
903 adviser agent, that it has been entered and of the reasons therefor and
904 that within fifteen days after the receipt of a written request the matter
905 will be set down for hearing. If no hearing is requested and none is
906 ordered by the commissioner, the order will remain in effect until it is
907 modified or vacated by the commissioner. If a hearing is requested or
908 ordered, the commissioner, after notice of and opportunity for hearing,

909 may modify or vacate the order or extend it until final determination.

910 Sec. 28. Subsection (a) of section 36b-27 of the general statutes is
911 repealed and the following is substituted in lieu thereof (*Effective from*
912 *passage*):

913 (a) Whenever it appears to the commissioner after an investigation
914 that any person has violated, is violating or is about to violate any of
915 the provisions of sections 36b-2 to 36b-33, inclusive, as amended by
916 this act, or any regulation, rule or order adopted or issued under said
917 sections, or that the further sale or offer to sell securities would
918 constitute a violation of said sections or any such regulation, rule or
919 order, or that any person has engaged in a dishonest or unethical
920 practice in the securities or commodities business within the meaning
921 of sections 36b-31-15a to 36b-31-15d, inclusive, of the regulations of
922 Connecticut state agencies, the commissioner may, in the
923 commissioner's discretion, order (1) the person, (2) any other person
924 that directly or indirectly controls such person and that is, was or
925 would be a cause of the violation of such sections or any such
926 regulation, rule or order, due to an act or omission such other person
927 knew or should have known would contribute to such violation, or (3)
928 any other person that has materially aided, is materially aiding or is
929 about to materially aid in such violation, to cease and desist from the
930 violations or the causing of or aiding in the violations of the provisions
931 of said sections or of the regulations, rules or orders thereunder, or
932 from the further sale or offer to sell securities constituting or which
933 would constitute a violation of the provisions of said sections or of the
934 regulations, rules or orders thereunder, or from further engaging in
935 such dishonest or unethical practice and to take or refrain from taking
936 such action that in the opinion of the commissioner will effectuate the
937 purposes of sections 36b-2 to 36b-33, inclusive, as amended by this act.
938 After such an order is issued, the person named in the order may,
939 within fourteen days after receipt of the order, file a written request for
940 a hearing. Any such hearing shall be held in accordance with the
941 provisions of chapter 54.

942 Sec. 29. Section 36a-758a of the general statutes is repealed. (*Effective*
943 *October 1, 2007*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2007</i>	36a-485
Sec. 2	<i>October 1, 2007</i>	36a-488(d)
Sec. 3	<i>October 1, 2007</i>	36a-490
Sec. 4	<i>October 1, 2007</i>	36a-510
Sec. 5	<i>October 1, 2007</i>	36a-513(f)
Sec. 6	<i>October 1, 2007</i>	36a-515
Sec. 7	<i>from passage</i>	36a-570
Sec. 8	<i>October 1, 2007</i>	36a-596
Sec. 9	<i>October 1, 2007</i>	36a-602
Sec. 10	<i>October 1, 2007</i>	36a-603
Sec. 11	<i>October 1, 2007</i>	36a-607(a)(4)
Sec. 12	<i>October 1, 2007</i>	36a-758
Sec. 13	<i>October 1, 2007</i>	20-325c
Sec. 14	<i>October 1, 2007</i>	20-329
Sec. 15	<i>from passage</i>	36a-51(a)
Sec. 16	<i>from passage</i>	36a-52(b)
Sec. 17	<i>from passage</i>	36a-53(b)(1)
Sec. 18	<i>from passage</i>	36a-53(c)
Sec. 19	<i>from passage</i>	36a-494(a)
Sec. 20	<i>from passage</i>	36a-517(a)
Sec. 21	<i>from passage</i>	36a-543(a)
Sec. 22	<i>from passage</i>	36a-572
Sec. 23	<i>from passage</i>	36a-587(a)
Sec. 24	<i>from passage</i>	36a-608(b)
Sec. 25	<i>from passage</i>	36a-657(a)
Sec. 26	<i>from passage</i>	36a-804(a)
Sec. 27	<i>from passage</i>	36b-15(c)
Sec. 28	<i>from passage</i>	36b-27(a)
Sec. 29	<i>October 1, 2007</i>	Repealer section

Statement of Purpose:

To clarify the definitions of "mortgage broker" and "originator" and clarify that real estate brokers and salespersons who act as a mortgage broker or originator shall be licensed or registered as such; to clarify

the Banking Commissioner's authority to adopt regulations governing the small loan business in association with other businesses; to clarify the information required to effect a change of name or location of a first or secondary mortgage loan licensee or a change of person with supervisory authority at a licensed location, the time frame for filing such information with the Banking Commissioner and the time frame for the Banking Commissioner to disapprove any such change; to clarify the applicability of the terms "money transmission", "money", "monetary value", "payment instrument" and "Connecticut payment instrument" within the provisions of the Money Transmission Act; to amend the provisions relating to the payment of loan proceeds to clarify inconsistencies and ensure that borrowers are paid the loan proceeds in a timely fashion; and to authorize the Banking Commissioner to order summary suspension of a license if said commissioner finds that public health, safety or welfare requires emergency action and to require the licensee to take or refrain from taking such action as in the commissioner's opinion will effectuate the purposes of section 36a-51 of the general statutes, pending proceedings for suspension, revocation or refusal to renew.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]